



Michigan  
*Office of the Auditor General*  
**REPORT SUMMARY**

*Performance Audit*  
*Procurement Card Program*  
*Office of Financial Services*  
*Department of Management and Budget*

Report Number:  
07-705-04

Released:  
August 2005

*The State of Michigan's Procurement Card Program began in June 1995 as a method to reduce the administrative expense associated with procuring and paying for low dollar items through the standard purchase order process. State employees may use procurement cards for noncontract purchases of \$2,500 or less.*

***Audit Objective:***

To evaluate the State's effectiveness in utilizing the Procurement Card Program to reduce purchasing costs and maximize the procurement card vendor rebate.

***Audit Conclusion:***

We concluded that the State was generally effective in utilizing the Procurement Card Program to reduce purchasing costs and maximize the procurement card vendor rebate. However, we noted reportable conditions related to procurement card usage and purchasing discounts (Findings 1 and 2).

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***Audit Objective:***

To assess the effectiveness of selected departments' monitoring of procurement card purchases to ensure that charges were for legitimate business purposes and within designated spending limits.

***Audit Conclusion:***

We concluded that selected departments were moderately effective in monitoring procurement card purchases to ensure that charges were for legitimate business purposes and within designated spending limits. We noted reportable conditions related to the monitoring of procurement card purchases, the issuance of procurement cards, split transactions, procurement card purchases, and merchant category codes (Findings 3 through 7).

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***Agency Response:***

Our audit report includes 7 findings and 7 corresponding recommendations. The Department of Management and Budget's preliminary response indicated that it agrees with all 7 of the recommendations.

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A copy of the full report can be  
obtained by calling 517.334.8050  
or by visiting our Web site at:  
<http://audgen.michigan.gov>



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